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Viewing cable 07TASHKENT237, SHINY RED GAS STATIONS -- ZEROMAX MAXES OUT THE \

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07TASHKENT237**.

Reference ID	Created	Released	Classification	Origin
07TASHKENT237	2007-02-13 06:01	2011-08-30 01:44	CONFIDENTIAL	Embassy Tashkent

Appears in these articles:

http://www.letemps.ch/swiss_papers

VZCZCXRO5655
PP RUEHDBU
DE RUEHNT #0237/01 0440601
ZNY CCCCC ZZH
P 130601Z FEB 07
FM AMEMBASSY TASHKENT
TO RUEHC/SECSTATE WASHDC PRIORITY 7031
INFO RUEHAH/AMEMBASSY ASHGABAT 2544
RUEHTA/AMEMBASSY ASTANA 8616
RUEHEK/AMEMBASSY BISHKEK 3129
RUEHDBU/AMEMBASSY DUSHANBE 3008
RUEHMO/AMEMBASSY MOSCOW 6985

96338 2007-02-13 06:01:00 07TASHKENT237 Embassy Tashkent CONFIDENTIAL VZCZCXRO5655\
PP RUEHDBU\
DE RUEHNT #0237/01 0440601\
ZNY CCCCC ZZH\
P 130601Z FEB 07\
FM AMEMBASSY TASHKENT\
TO RUEHC/SECSTATE WASHDC PRIORITY 7031\
INFO RUEHAH/AMEMBASSY ASHGABAT 2544\
RUEHTA/AMEMBASSY ASTANA 8616\
RUEHEK/AMEMBASSY BISHKEK 3129\
RUEHDBU/AMEMBASSY DUSHANBE 3008\
RUEHMO/AMEMBASSY MOSCOW 6985 C O N F I D E N T I A L SECTION 01 OF 02 TASHKENT 000237 \
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SIPDIS \

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DEPT FOR SCA/CEN \

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E.O. 12958: DECL: 02/13/2017 \

TAGS: [ENRG](#) [EPET](#) [PREL](#) [PGOV](#) [UZ](#)

SUBJECT: SHINY RED GAS STATIONS -- ZEROMAX MAXES OUT THE \
SERVICE SECTOR \

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Classified By: CLASSIFIED BY AMB. JON R. PURNELL FOR REASONS 1.4 (B, D) \

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¶1. (C) Summary: Zeromax, a Swiss-registered company linked \
to President Karimov's daughter, Gulnora Karimova, has made a \
strong mark in the gasoline service sector through its \
opening of over ten modern, full-service stations under the \
name UzGazOil. UzGazOil appears to have a monopoly on \
high-octane gas and first-rights access to other octanes. \
Long lines are a common sight at these stations in Tashkent. \
Overall Uzbek production of petrochemicals fell in 2006 and \
will likely continue its downslide until foreign exploration \
results in actual extraction and production; something at \
least a few years away. End summary. \

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SHINY NEW STATIONS PROLIFERATE . . . \

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¶2. (SBU) In 2006, Zeromax expanded into the retail gas sector \
and now operates over ten cookie-cutter service stations in \
Tashkent under the name UzGazOil. A business contact in the \
oil and gas industry told poloff the company plans to build \
more of these modern, bright red, full-service stations, \
squeezing out the privately-owned "Ma and Pop" stations. The \
UzGazOil stations often charge about 100 soum/liter (30 cents \
per gallon) more than other stations for Uzbek-produced 80 \
octane gasoline. It has a loose monopoly on importing Kazakh \
and Russian-produced, higher octane gasoline, and sells it \
for around 1,400 soum/liter (\$4.25 per gallon). However, the \
higher octanes (89 and up) are seldom available at UzGazOil \
and almost never at other stations. (Note: Rumor is that \
only certain UzGazOil stations carry high-octane gas, which \
is provided to the well-connected in Tashkent to fuel their \
Mercedes Benzes. A month ago, DCM visited three different \
UzGazOil stations in search of 93 and 95 octane gas. He was \
told at each that they had not carried high octane for a \
month or more. End note.) Most of the gas pumps are \
identical to those used in the U.S. Chevron-Texaco has \
expanded its business in Uzbekistan and supplies lubricants \
to UzGazOil for its oil-changing stations. There are even \
car washes and car vacuums, but not all are in operation. \

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. . . GAS SHORTAGES AT MA AND POP STATIONS \

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¶3. (SBU) Every morning and evening during rush hour, the \
lines at the UzGazOil stations spill into the street for 80 \
octane. Teenage entrepreneurs walk up and down the long \
lines offering car trinkets, such as air fresheners and \
sunglass holders. These lines are not necessarily a signal \
of high demand, but of fuel shortages, especially at \
privately-owned stations. While gasoline is not (yet) \
rationed in Tashkent as it is in the provinces, UzGazOil \
appears to have first-rights access to supplies. In the \
provinces, such as Urgench, Nukus and Ferghana, gasoline is \
often rationed and also resold on the black market, \
especially during the spring and fall harvest seasons. For \
the moment, UzGazOil stations are only in Tashkent. \

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SLIGHT DECLINE IN PRODUCTION \

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¶4. (U) Uzbekistan must import oil to meet domestic demand. \
Official statistics state that domestic oil production peaked \
in 1999 at 8.1 million tons, but it has since slid down to \
under four million tons. In 2006, oil production was 3,450 \
million tons, only 0.2 percent higher than 2005. Domestic \
gasoline production is also sliding, along with other \

petrochemical products. According to official 2006 \ statistics, Uzbekistan produced 1,370,000 tons of gasoline, \ down 1.8 percent from 2005; and fuel oil production slid 8.5 \ percent to 895,600 tons in 2006. Combined, total \ petrochemical production fell approximately four percent in \ 2006. \

15. (C) Comment: Zeromax's connections through its unofficial \ CEO Gulnora Karimova to the state energy monopoly \ Uzbekneftegaz, and to Russian-owned Gazprom and Lukoil, \ lubricate business dealings and ensure UzGazOil's gasoline \ supplies. Zeromax has a loose monopoly on high-octane gas, \ although it is not a reliable retailer of it. The company \ appears to be quietly creating a monopoly over consistent \ supply of all other octanes. \

16. (C) Comment cont.: Uzbekistan needs foreign investment to \ resuscitate its ailing petrochemical industry. In 2006, \

TASHKENT 00000237 002 OF 002 \

Uzbekistan diversified the cast of characters involved in the \ energy sector and signed exploration agreements with \ state-owned energy companies in Russia, Malaysia, China, and \ South Korea, among others. Once oil and gas deposits are \ confirmed, actual production is still a few years away. \ Until gasoline production increases and the Uzbek elite \ weaken their stronghold on the energy sector, domestic \ consumers will continue to suffer shortages and high prices \ for high octane gasoline. \

PURNELL \